

January 2016 Update to Consensus Revenue Estimate
House Appropriations and Finance Committee and the Senate Finance Committee
Christina Keyes, Economist and Laird Graeser, Contract Economist
Legislative Finance Committee
January 27, 2016 - Revised

Summary.

- The consensus revenue estimating group (Legislative Finance Committee, Department of Finance and Administration, Taxation and Revenue Department, and Department of Transportation) met and reached consensus on the revenue estimates presented in this brief.
- Analysts considered new information available since the December estimate, including further declines in oil and gas prices, additional year-to-date tax revenue collection data, actual and preliminary, and updated forecasts from national and state-level forecasting services.
- Compared with the December 2015 forecast, the FY16 recurring revenue estimate was revised downward by \$144.8 million to \$6.02 billion and the FY17 revenue estimate was revised downward by \$201.7 million to \$6.26 billion. Table 1 compares the January 2016 and December 2015 consensus revenue totals.
- Attachment 1 shows, in detail, general fund revenue revisions from December 2015 to January 2016.
- FY15-ending reserve balances were \$713 million, or 11.6 percent of recurring appropriations. After considering the LFC appropriation recommendation, projected FY16-ending reserve balances are \$380 million, or 6.1 percent of recurring appropriations. This amount assumes special and supplemental appropriations are \$17 million lower than the LFC recommendation. Projected FY17-ending balances are \$386 million (6.2 percent). Attachment 2 shows the general fund financial summary.
- “New Money” in FY17, defined as FY17 projected recurring revenue less FY16 recurring appropriations, is projected to be \$30 million, or 0.48 percent of FY16 recurring appropriations.
- Attachment 4 shows the historical 18-month revenue estimating error.

Table 1
January 2016 Consensus General Fund Recurring Revenue Outlook

(in millions of dollars)

	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
December 2015 Estimate	\$6,195	\$6,165	\$6,466	\$6,795
January 2016 Revisions	\$0	-\$145	-\$202	-\$183
January 2016 Consensus	\$6,195	\$6,020	\$6,265	\$6,612
Annual Change	\$155	-\$174	\$244	\$348
Annual Percent Change	2.6%	-2.8%	4.1%	5.6%

Energy-Related Revenues.

- Oil prices continued their steep decline since December, with West Texas Intermediate (WTI) prices reaching as low as \$26 before rebounding in recent weeks. Natural gas prices (for dry gas) declined to \$1.80 per thousand cubic feet (mcf) in mid-December, then climbing to \$2.20 in mid- January.
- The Energy Information Administration and the forecasting services subscribed to by the revenue estimating group updated their commodity price outlooks. These, along with additional actual New Mexico price and production data from ONGARD were considered in updating oil and gas prices and volume forecasts (See Attachment 3).
- The FY16 oil price estimate was lowered from \$44 per barrel (bbl) to \$37/bbl, and the FY17 oil price estimate was lowered from \$49/bbl to \$38/bbl. New Mexico prices assume a differential from WTI prices of approximately \$4.00/bbl.
- The FY16 natural gas price estimate was reduced from \$2.90 per thousand cubic feet (mcf) to \$2.55/mcf. The FY17 natural gas price estimate was reduced from \$3.20/mcf to \$2.90/mcf.
- New Mexico natural gas prices are tracking directly with Henry Hub dry gas prices due to low prices paid for natural gas liquids. This NGL premium is estimated to be less than \$0.15/mcf.
- As a rule of thumb, the \$1 change in the price of oil, sustained over the course of a full fiscal year, leads to a \$9.5 million change in the general fund revenue. For natural gas, a \$0.10 change in price over a fiscal year leads to \$6.5 million change in general fund revenue.
- The reductions in energy prices contributed to the decline in several revenue sources, including mineral production taxes (oil and gas emergency school tax, oil and gas conservation tax). Federal mineral leasing royalties have benefited from the rising share of production on Federal lands.
- The forecast estimate for oil and natural gas volumes remains unchanged from December. As additional rigs have been laid down, productivity from remaining rigs continues to hold steady through the implementation of advanced drilling technology.
- In total, the FY17 revenue estimates for severance taxes and rents and royalties were reduced by approximately \$46 million.

Other Revenues.

- LFC, TRD and DOT subscribe to the Bureau of Business and Economic Research (BBER) for state-level economic forecasts. The January BBER forecast was revised downward presenting a weaker forecast than the last few quarters (see Attachment 3).
- DFA subscribes to Moody's for national and state-level forecasts, and its forecast shows decreases compared with the October forecast for such economic indicators as employment, personal income, and wage and salary disbursement growth.
- These forecasts are validated by year-to-date weakness in revenue collections for these tax programs, all of which are behind pace to meet the December forecast levels. As such, analysts lowered the revenue estimates for GRT and compensating tax, slightly increasing CIT while holding PIT unchanged from the prior forecast (Attachment 1).

- Downward adjustments to the FY17 estimates for these broad-based tax revenues totaled \$94 million.
- The FY16 GRT-revenue estimate is dragged down by year-to-date weakness. Downside pressure from a projected reduction in drilling activity in tandem with depressed energy prices is estimated to be offset by increased consumer expenditures due to spending less of their income on gasoline and anticipated input from the Federal spending approved in the Budget Act. Noticeable strength has been found in the professional services category.
- Compensating tax revenue is showing current-year weakness, and becoming flat in out years as compensating tax associated with the extractive industry is expected to remain low.
- The personal income tax revenue estimate is supported by moderate current-fiscal-year-to-date strength in withholding tax revenue and slightly positive employment reports from the New Mexico Workforce Solutions Department.
- Corporate income tax revenue is held steady by year-to-date collections and a slight increase in Congressional Budget Office estimates for federal corporate income tax receipts in federal fiscal years 16-19.
- Year-to-date collections in motor vehicle excise tax contributed to a modest increase in that revenue source for FY16, as the U.S. auto market experienced a strong sales year in 2015.

Risks to Forecast.

- The revenues received year to date are down 11 percent compared with the recurring revenue forecast of -2.8 percent. This presents downside risk to the forecast however various areas of strength may help to alleviate the lower revenues.
- Through November, the year to date total recurring revenues are \$2.3 billion which is lower than the \$2.65 billion received last year during the same period.
- Employment growth remains weak as the Department of Workforce Solutions reports December grew year over year at 0.3 percent.
- Oil production continues to decline around the state as active drilling rigs have fallen to 30 from 89 one year ago, per Baker Hughes rig count.
- Persistently weak prices for natural gas continue to drag the industry in New Mexico.
- The loss of gross receipts tax revenue from internet retail sales.
- Continued higher rates for payment of tax credits.

Financial Summary.

- The General Fund Financial Summary shows an operating reserve as negative. It will be necessary to provide transfer authority from either the Tobacco Settlement Permanent Fund or the Tax Stabilization Reserve. The amounts may be determined after additional fiscal decisions are made, including:
 - the level of specials, supplemental and IT,
 - FY17 appropriations levels,
 - potential revenues from sweeps and sources.

General Fund Consensus Revenue Estimate January 2016

Attachment 1

	FY15			FY16					FY17				
	Pre- liminary Actual	% Change from FY14	\$ Change from FY14	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	% Change from FY15	\$ Change from FY15	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	% Change from FY16	\$ Change from FY16
Gross Receipts Tax	2,095.2	5.2%	103.1	2,178.0	2,090.0	(88.0)	-0.2%	(5.2)	2,336.7	2,216.0	(120.7)	6.0%	126.0
Compensating Tax	71.8	-8.3%	(6.5)	65.5	54.4	(11.1)	-24.3%	(17.4)	65.4	64.1	(1.3)	17.8%	9.7
TOTAL GENERAL SALES	2,167.0	4.7%	96.6	2,243.5	2,144.4	(99.1)	-1.0%	(22.6)	2,402.1	2,280.1	(122.0)	6.3%	135.7
Tobacco Taxes	82.3	4.9%	3.9	82.4	82.4	-	0.1%	0.1	81.4	81.4	-	-1.2%	(1.0)
Liquor Excise	26.3	-0.4%	(0.1)	6.7	6.7	-	-74.5%	(19.6)	6.9	6.9	-	3.0%	0.2
Insurance Taxes	149.9	30.2%	34.8	188.0	188.0	-	25.5%	38.1	219.1	219.1	-	16.5%	31.1
Fire Protection Fund Reversion	15.2	-5.8%	(0.9)	13.7	13.7	-	-9.6%	(1.5)	12.4	12.4	-	-9.5%	(1.3)
Motor Vehicle Excise	138.7	4.1%	5.4	147.0	151.0	4.0	8.9%	12.3	152.0	152.0	-	0.7%	1.0
Gaming Excise	70.4	6.0%	4.0	70.1	70.1	-	-0.4%	(0.3)	70.1	70.1	-	0.0%	-
Leased Vehicle Surcharge	5.2	0.6%	0.0	5.2	5.2	-	-0.7%	(0.0)	5.2	5.2	-	0.0%	-
Other	0.5	-83.5%	(2.5)	3.2	3.2	-	564.7%	2.7	2.1	2.1	-	-35.8%	(1.2)
TOTAL SELECTIVE SALES	488.5	10.0%	44.6	516.3	520.3	4.0	6.5%	31.9	549.2	549.2	-	5.5%	28.8
Personal Income Tax	1,339.7	6.8%	84.8	1,401.0	1,401.0	-	4.6%	61.3	1,455.0	1,455.0	-	3.9%	54.0
Corporate Income Tax	254.5	29.3%	57.7	218.0	223.0	5.0	-12.4%	(31.5)	217.0	220.0	3.0	-1.3%	(3.0)
TOTAL INCOME TAXES	1,594.2	9.8%	142.5	1,619.0	1,624.0	5.0	1.9%	29.8	1,672.0	1,675.0	3.0	3.1%	51.0
Oil and Gas School Tax	375.4	-25.0%	(125.2)	283.7	248.5	(35.2)	-33.8%	(126.9)	315.3	268.0	(47.3)	7.8%	19.5
Oil Conservation Tax	20.1	-26.3%	(7.2)	15.1	13.3	(1.8)	-33.8%	(6.8)	16.7	14.2	(2.5)	6.8%	0.9
Resources Excise Tax	13.3	2.5%	0.3	13.0	13.0	-	-2.6%	(0.3)	13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	18.6	14.8%	2.4	19.7	19.7	-	5.9%	1.1	15.0	12.8	(2.2)	-35.0%	(6.9)
TOTAL SEVERANCE TAXES	427.5	-23.3%	(129.7)	331.5	294.5	(37.0)	-31.1%	(133.0)	360.0	308.0	(52.0)	4.6%	13.5
LICENSE FEES	55.9	8.1%	4.2	54.5	54.5	-	-2.5%	(1.4)	55.5	55.5	-	1.8%	1.0
LGPf Interest	502.8	11.9%	53.4	553.2	553.2	0.0	10.0%	50.5	548.1	538.3	(9.8)	-2.7%	(14.9)
STO Interest	17.0	-10.4%	(2.0)	23.4	15.0	(8.4)	-11.8%	(2.0)	52.6	46.8	(5.8)	212.0%	31.8
STPF Interest	182.7	7.2%	12.3	193.5	193.5	0.0	5.9%	10.8	203.4	200.4	(3.0)	3.6%	6.9
TOTAL INTEREST	702.5	10.0%	63.6	770.1	761.7	(8.4)	8.4%	59.2	804.1	785.5	(18.6)	3.1%	23.8
Federal Mineral Leasing	542.2	-4.9%	(27.7)	421.7	400.0	(21.7)	-26.2%	(142.2)	407.1	385.0	(22.1)	-3.8%	(15.0)
State Land Office	42.2	-11.0%	(5.2)	37.6	50.0	12.4	18.4%	7.8	41.2	51.2	10.0	2.4%	1.2
TOTAL RENTS & ROYALTIES	584.4	-5.3%	(32.9)	459.3	450.0	(9.3)	-23.0%	(134.4)	448.3	436.2	(12.1)	-3.1%	(13.8)
TRIBAL REVENUE SHARING	67.2	-0.6%	(0.4)	64.3	64.3	-	-4.3%	(2.9)	65.8	65.8	-	2.3%	1.5
MISCELLANEOUS RECEIPTS	56.2	24.7%	11.1	56.5	56.5	-	0.6%	0.3	59.4	59.4	-	5.1%	2.9
REVERSIONS	51.5	-46.7%	(45.1)	50.0	50.0	-	-2.8%	(1.5)	50.0	50.0	-	0.0%	-
TOTAL RECURRING	6,194.7	2.6%	154.6	6,165.0	6,020.2	(144.8)	-2.8%	(174.4)	6,466.3	6,264.6	(201.7)	4.1%	244.4
TOTAL NON-RECURRING	41.2	na	40.8	5.5	5.5	-	-86.7%	(35.7)	-	-	-	na	(5.5)
GRAND TOTAL	6,235.9	3.2%	195.4	6,170.5	6,025.7	(144.8)	-3.4%	(210.1)	6,466.3	6,264.6	(201.7)	4.0%	238.9

General Fund Consensus Revenue Estimate January 2016

Attachment 1

	FY18					FY19					FY20				
	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	% Change from FY17	\$ Change from FY17	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	% Change from FY18	\$ Change from FY18	Dec 2015 Est.	Jan 2016 Est.	Change from Prior	% Change from FY19	\$ Change from FY19
Gross Receipts Tax	2,421.3	2,345.0	(76.3)	5.8%	129.0	2,550.0	2,460.0	(90.0)	4.9%	115.0	2,673.0	2,593.0	(80.0)	5.4%	133.0
Compensating Tax	66.4	65.1	(1.3)	1.6%	1.0	67.9	66.6	(1.3)	2.3%	1.5	67.5	66.2	(1.3)	-0.6%	(0.4)
TOTAL GENERAL SALES	2,487.7	2,410.1	(77.6)	5.7%	130.0	2,617.9	2,526.6	(91.3)	4.8%	116.5	2,740.5	2,659.2	(81.3)	5.2%	132.6
Tobacco Taxes	80.4	80.4	-	-1.2%	(1.0)	79.4	79.4	-	-1.2%	(1.0)	78.4	78.4	-	-1.3%	(1.0)
Liquor Excise	26.1	26.1	-	278.3%	19.2	28.9	28.9	-	10.7%	2.8	27.7	27.7	-	-4.2%	(1.2)
Insurance Taxes	231.8	231.8	-	5.8%	12.7	243.3	243.3	-	5.0%	11.5	255.6	255.6	-	5.1%	12.3
Fire Protection Fund Reversion	11.2	11.2	-	-9.7%	(1.2)	10.0	10.0	-	-10.7%	(1.2)	8.5	8.5	-	-15.0%	(1.5)
Motor Vehicle Excise	157.0	157.0	-	3.3%	5.0	161.0	161.0	-	2.5%	4.0	164.0	164.0	-	1.9%	3.0
Gaming Excise	70.3	70.3	-	0.3%	0.2	69.1	69.1	-	-1.7%	(1.2)	68.0	68.0	-	-1.6%	(1.1)
Leased Vehicle Surcharge	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-
Other	2.1	2.1	-	0.0%	-	2.1	2.1	-	0.0%	-	2.1	2.1	-	0.0%	-
TOTAL SELECTIVE SALES	584.1	584.1	-	6.4%	34.9	599.0	599.0	-	2.6%	14.9	609.5	609.5	-	1.8%	10.5
Personal Income Tax	1,522.0	1,522.0	-	4.6%	67.0	1,606.0	1,606.0	-	5.5%	84.0	1,683.0	1,683.0	-	4.8%	77.0
Corporate Income Tax	205.0	205.0	-	-6.8%	(15.0)	163.0	163.0	-	-20.5%	(42.0)	168.0	168.0	-	3.1%	5.0
TOTAL INCOME TAXES	1,727.0	1,727.0	-	3.1%	52.0	1,769.0	1,769.0	-	2.4%	42.0	1,851.0	1,851.0	-	4.6%	82.0
Oil and Gas School Tax	362.2	309.6	(52.6)	15.5%	41.6	378.1	335.9	(42.2)	8.5%	26.3	383.8	355.4	(28.4)	5.8%	19.5
Oil Conservation Tax	19.2	16.4	(2.8)	15.5%	2.2	20.1	17.8	(2.3)	8.5%	1.4	20.4	18.8	(1.6)	5.6%	1.0
Resources Excise Tax	13.0	13.0	-	0.0%	-	13.0	13.0	-	0.0%	-	13.0	13.0	-	0.0%	-
Natural Gas Processors Tax	14.8	10.7	(4.1)	-16.4%	(2.1)	14.5	10.5	(4.0)	-1.9%	(0.2)	14.3	10.3	(4.0)	-1.9%	(0.2)
TOTAL SEVERANCE TAXES	409.2	349.7	(59.5)	13.5%	41.7	425.7	377.2	(48.5)	7.9%	27.5	431.5	397.5	(34.0)	5.4%	20.3
LICENSE FEES	56.6	56.6	-	2.0%	1.1	57.9	57.9	-	2.3%	1.3	59.3	59.3	-	2.4%	1.4
LGPF Interest	601.9	581.3	(20.6)	8.0%	43.0	651.9	619.0	(32.9)	6.5%	37.7	693.9	646.9	(47.0)	4.5%	27.9
STO Interest	60.3	54.3	(6.0)	16.0%	7.5	67.7	60.9	(6.8)	12.2%	6.6	82.6	74.3	(8.3)	22.0%	13.4
STPF Interest	216.5	207.6	(8.9)	3.6%	7.1	227.5	209.5	(18.0)	0.9%	2.0	235.9	206.0	(29.9)	-1.7%	(3.5)
TOTAL INTEREST	878.7	843.1	(35.6)	7.3%	57.6	947.1	889.4	(57.7)	5.5%	46.3	1,012.4	927.2	(85.2)	4.3%	37.8
Federal Mineral Leasing	430.0	410.0	(20.0)	6.5%	25.0	453.0	445.0	(8.0)	8.5%	35.0	460.0	470.0	10.0	5.6%	25.0
State Land Office	43.7	53.7	10.0	4.9%	2.5	45.2	55.2	10.0	2.8%	1.5	45.7	55.7	10.0	0.9%	0.5
TOTAL RENTS & ROYALTIES	473.7	463.7	(10.0)	6.3%	27.5	498.2	500.2	2.0	7.9%	36.5	505.7	525.7	20.0	5.1%	25.5
TRIBAL REVENUE SHARING	67.8	67.8	-	3.0%	2.0	71.0	71.0	-	4.7%	3.2	73.1	73.1	-	3.0%	2.1
MISCELLANEOUS RECEIPTS	60.3	60.3	-	1.7%	1.0	61.3	61.3	-	1.5%	0.9	62.3	62.3	-	1.7%	1.0
REVERSIONS	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-	50.0	50.0	-	0.0%	-
TOTAL RECURRING	6,795.1	6,612.4	(182.7)	5.6%	347.8	7,097.0	6,901.5	(195.5)	4.4%	289.1	7,395.3	7,214.8	(180.5)	4.5%	313.2
TOTAL NON-RECURRING	-	-	-	na	-	-	-	-	na	-	-	-	-	na	-
GRAND TOTAL	6,795.1	6,612.4	(182.7)	5.6%	347.8	7,097.0	6,901.5	(195.5)	4.4%	289.1	7,395.3	7,214.8	(180.5)	4.5%	313.2

GENERAL FUND FINANCIAL SUMMARY
2016 Legislative Session -- LFC Recommendation
January 2016 Consensus Revenue Estimating Group Revenue Forecast
(Dollars in Millions)

	Audited FY2015	Estimated FY2016	Estimated FY2017
APPROPRIATION ACCOUNT			
REVENUE			
Recurring Revenue			
December 2015 Consensus Revenue Update	\$ 6,194.7	\$ 6,165.0	\$ 6,466.3
January 2016 Consensus Revenue Update		\$ (144.8)	\$ (201.7)
Total Recurring Revenue	\$ 6,194.7	\$ 6,020.2	\$ 6,264.6
Nonrecurring Revenue			
December 2015 Consensus Revenue Update	\$ 41.2	\$ 5.5	\$ -
Total Non-Recurring Revenue	\$ 41.2	\$ 5.5	\$ -
TOTAL REVENUE	\$ 6,235.9	\$ 6,025.7	\$ 6,264.6
APPROPRIATIONS			
Recurring Appropriations			
General Appropriation (w/ 2015 audit adj.)	\$ 6,151.6	\$ 6,234.7	\$ 6,264.6
Legislative Session Costs - Feed Bill *	\$ 10.1	\$ 6.2	
Total Recurring Appropriations	\$ 6,161.7	\$ 6,240.9	\$ 6,264.6
Nonrecurring Appropriations			
Prior Year Regular and Special Sessions --			FY17 "New Money" \$30 million
Supplementals and other Non-recurring	\$ 113.5	\$ 31.0	
2016 Supplementals, Specials & IT Appropriations		\$ 90.1	
Total Nonrecurring Appropriations	\$ 113.5	\$ 121.1	\$ -
TOTAL APPROPRIATIONS	\$ 6,275.2	\$ 6,362.0	\$ 6,264.6
Transfer to (from) Reserves	\$ (39.4)	\$ (336.3)	\$ -
GENERAL FUND RESERVES			
Beginning Balances **	\$ 637.9	\$ 713.1	\$ 379.6
Transfers from (to) Appropriations Account	(39.4)	(336.3)	-
Revenue and Reversions ***	164.9	80.9	62.1
Appropriations, expenditures and transfers out	(50.4)	(78.1)	(55.0)
Ending Balances	\$ 713.1	\$ 379.6	\$ 386.7
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>11.6%</i>	<i>6.1%</i>	<i>6.2%</i>

Notes:

General Note: small adjustments (< ± \$100,000) have been made in beginning balances of all subaccounts to conform the ending totals to the 2015 audit to the dollar. In prior years, beginning and ending balances had been rounded to the nearest \$100,000.

* Legislative session expenses treated as recurring appropriation.

** FY 15 audit reflects \$36 million of restricted General Fund reserves to address potential Special Education Funding Maintenance of Effort noted in the FY14 audit. These amounts are included in the audit total reserve balance but removed from this document. This is as enacted in Laws 2013, Chapter 191 (HB-268).

*** The FY14 general fund audit showed a total contingent liability of \$100.0 million for cash reconciliation noted in FY12 and FY13 general fund audits. However, the FY15 general fund audit released this \$100 million of this amount back to reserves.

**** Section 5, 2014 GAA appropriated \$3.5 million from the "lock box" for instructional materials. The 2015 audit recorded an expenditure of \$3.1 million. However, only \$3,047,276 was available in the lock box. The balance, to conform to the audit was deducted from the regular ACF.

1/27/2016 12:21

GENERAL FUND FINANCIAL SUMMARY (Continued)
RESERVE DETAIL

January 2016 Consensus Revenue Estimating Group Revenue Forecast
(Dollars in Millions)

	Audited FY2015	Estimated FY2016	Estimated FY2017
OPERATING RESERVE			
Beginning balance	\$ 274.6	\$ 319.8	\$ (38.3)
BOF Emergency Fund and reversions	(0.5)	(2.0)	(2.0)
<i>Transfer to ACF</i>	(15.0)	(20.0)	-
<i>Reversal of Contingency for Unreconciled Accounts</i>	100.0		
Transfers from (to) appropriation account	(39.4)	(336.3)	-
Ending balance	\$ 319.8	\$ (38.5)	\$ (40.3)
APPROPRIATION CONTINGENCY FUND			
Beginning balance	\$ 18.3	\$ 28.4	\$ 40.1
Disaster allotments	(12.5)	(16.0)	(16.0)
Other appropriations	(0.1)	-	-
<i>Transfer from Oper Reserve to ACF (2015 GAA)</i>	15.0	20.0	-
Revenue and reversions	7.7	7.7	7.7
Ending Balance	\$ 28.4	\$ 40.1	\$ 31.8
Education Lock Box			
Beginning balance	\$ 3.0	\$ (0.0)	\$ -
Appropriations (2014 GAA, Section 5) ****	(3.0)	-	-
Transfers in (out)	-	-	-
Ending balance	\$ (0.0)	\$ (0.0)	\$ -
Total of Appropriation Contingency Fund	\$ 28.4	\$ 40.1	\$ 31.8
STATE SUPPORT FUND			
Beginning balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending balance	\$ 1.0	\$ 1.0	\$ 1.0
TOBACCO PERMANENT FUND			
Beginning balance	\$ 193.5	\$ 216.4	\$ 229.5
Transfers in	35.0	37.0	37.0
Appropriation to tobacco settlement program fund	(19.3)	(18.5)	(18.5)
Gains/Losses	7.1	16.2	17.2
Additional transfers to Program Fund	-	(21.6)	(18.5)
Ending balance	\$ 216.4	\$ 229.5	\$ 246.7
TAX STABILIZATION RESERVE			
Beginning balance	\$ 147.5	\$ 147.5	\$ 147.5
Transfers in	-	-	-
Transfers out	-	-	-
Chapter 3, Laws 2009 - SS (HB6)	-	-	-
2010 Special Session reserve transfers			
2011 Session reserve transfers			
Ending balance	\$ 147.5	\$ 147.5	\$ 147.5
GENERAL FUND ENDING BALANCES	\$ 713.2	\$ 379.6	\$ 386.7
<i>Percent of Recurring Appropriations</i>	<i>11.6%</i>	<i>6.1%</i>	<i>6.2%</i>

U.S. and New Mexico Economic Indicators

		FY15	FY16		FY17		FY18		FY19		FY20	
			Dec 15	Feb 16	Dec 15	Feb 16	Dec 15	Feb 16	Dec 15	Feb 16	Dec 15	Feb 16
		Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
National Economic Indicators												
GI	US Real GDP Growth (annual avg. ,% YOY)*	2.7	2.6	2.3	2.9	3.1	2.6	2.7	2.6	2.6	2.6	2.6
Moody's	US Real GDP Growth (annual avg. ,% YOY)*	2.7	2.5	2.4	3.1	3.0	2.9	2.7	2.4	2.3	1.8	1.9
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.3	0.8	0.8	2.9	2.9	2.5	2.5	2.3	2.3	2.4	2.4
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	0.7	1.1	0.9	2.4	2.4	2.9	3.0	3.0	2.9	2.6	2.6
GI	Federal Funds Rate (%)	0.11	0.39	0.39	1.41	1.41	2.41	2.41	3.20	3.50	3.25	3.50
Moody's	Federal Funds Rate (%)	0.11	0.33	0.33	1.25	1.25	3.10	3.10	3.82	3.82	3.64	3.64
New Mexico Labor Market and Income Data												
BBER	NM Non-Agricultural Employment Growth	1.2	0.9	0.6	1.4	1.1	1.5	1.4	1.5	1.5	1.3	1.4
Moody's	NM Non-Agricultural Employment Growth	1.4	1.2	0.9	2.3	2.2	2.0	1.8	1.5	1.6	0.8	0.9
BBER	NM Nominal Personal Income Growth (%)***	5.5	4.3	3.2	5.2	4.0	5.3	5.1	5.2	5.0	5.1	4.9
Moody's	NM Nominal Personal Income Growth (%)***	5.1	3.2	3.6	3.1	2.7	3.9	3.4	4.4	4.1	4.0	3.9
BBER	NM Total Wages & Salaries Growth (%)	3.8	3.0	2.6	4.5	3.7	4.7	4.3	4.7	4.4	4.6	4.2
Moody's	NM Total Wages & Salaries Growth (%)	3.8	2.0	2.3	3.6	3.4	4.3	3.8	4.8	4.6	3.9	3.9
BBER	NM Private Wages & Salaries Growth (%)	4.3	3.3	2.9	5.2	4.2	5.2	5.0	5.2	5.0	5.1	4.8
BBER	NM Real Gross State Product (% YOY)	2.1	1.8	1.8	2.8	2.5	2.7	2.6	2.6	2.5	2.4	2.3
Moody's	NM Real Gross State Product (% YOY)	1.7	1.7	1.6	2.7	2.5	2.2	2.0	2.1	2.0	1.8	1.9
CREG	NM Oil Price (\$/barrel)	\$61.68	\$44.00	\$37.00	\$49.00	\$38.00	\$56.00	\$45.00	\$59.00	\$50.00	\$60.00	\$53.00
CREG	NM Taxable Oil Volumes (million barrels)	141.4	150.0	150.0	155.0	155.0	158.0	158.0	160.0	160.0	161.0	161.0
	NM Taxable Oil Volumes (%YOY growth)		6.1%		3.1%		1.9%		1.3%		0.6%	
CREG	NM Gas Price (\$ per thousand cubic feet)****	\$3.78	\$2.90	\$2.55	\$3.20	\$2.90	\$3.40	\$3.20	\$3.45	\$3.30	\$3.50	\$3.50
CREG	NM Taxable Gas Volumes (billion cubic feet)	1,180	1,200	1,200	1,170	1,170	1,140	1,140	1,120	1,120	1,100	1,100
	NM Taxable Gas Volumes (%YOY growth)		1.7%		-2.5%		-2.6%		-1.8%		-2.7%	

LFC, TRD Notes

* Real GDP is BEA chained 2009 dollars, billions, annual rate

** CPI is all urban, BLS 1982-84=1.00 base

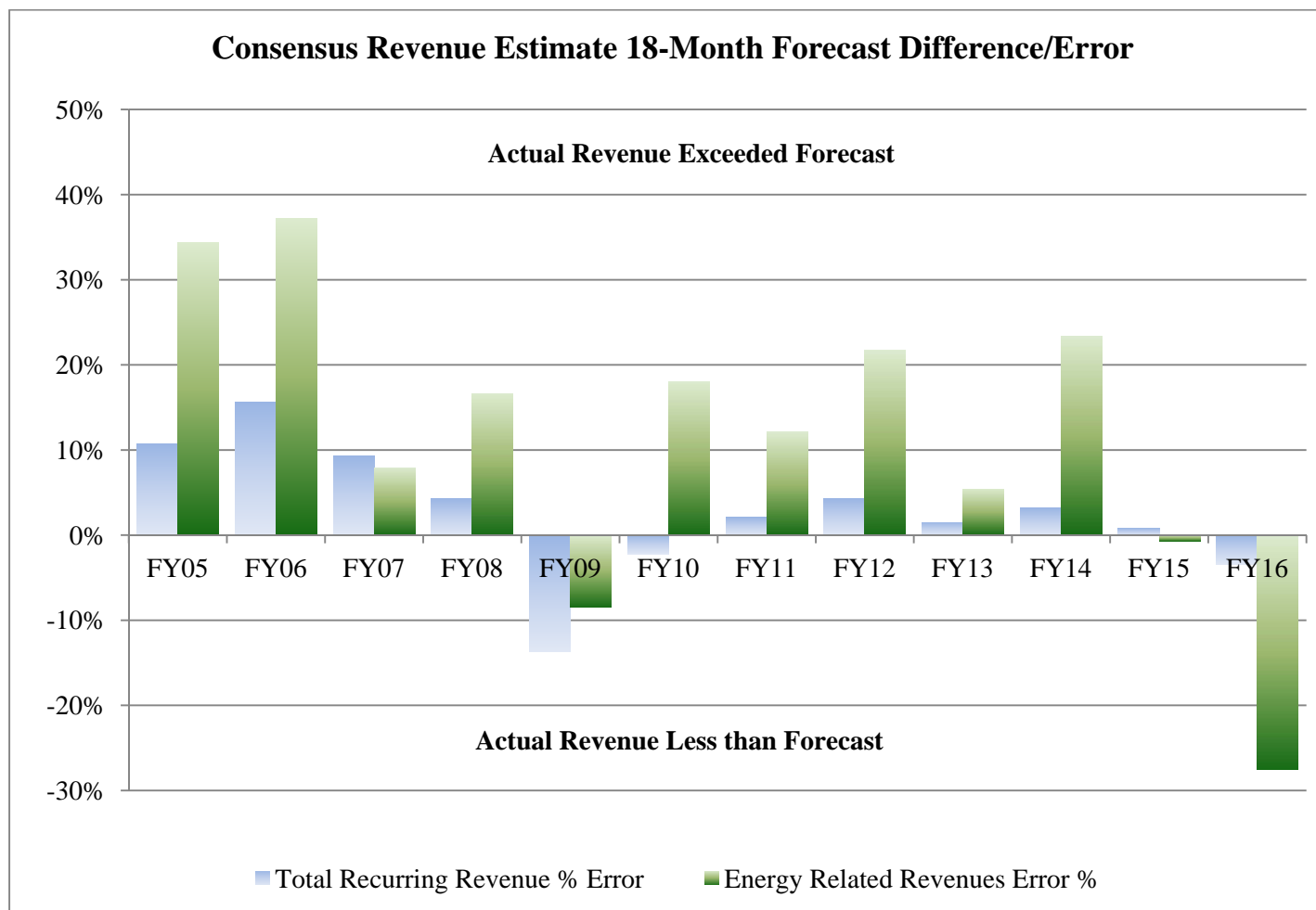
***Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins

Sources: BBER - January 2016 FOR-UNM baseline. Global Insight - November 2015 baseline.

DFA Notes

****The gas prices are estimated using a formula of NYMEX, EIA, Moody's Analytics and I.H.S. Global Insight futures and forecast prices as well as a premium for natural gas based on the oil price forecast.

Sources: Moody's Analytics baseline Dec. 2015 forecast: July 2015 and November 2015 for national and New Mexico data. Feb. 2016 forecast uses Jan. 2016 data.



Source: LFC Files